

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION V

DATE: November 22, 1988
SUBJECT: PA/SI for Wisconsin Steel Site, Chicago, Ill.
FROM: Mary Gade, Director, Office of Superfund
TO: John Kelley, Chief, Superfund Program Management Branch

→ Tom
Let's
discuss the
status of this
in the next
day or so.

JK
12/1

John
See Bill's note. We
need to CA from IEPA.

At the request of the Regional Administrator's office, Jim Mayka of the Remedial & Enforcement Response Branch participated in meetings on November 4 and 18, concerning the proposed redevelopment of the abandoned Wisconsin Steel site on the southeast side of Chicago. Attached are a memo summarizing the November 4 meeting, and a copy of the redevelopment proposal.

Jim

Region V's commitment is to ensure that a PA/SI is performed and an HRS score determined for this site as soon as possible, preferably by IEPA. It is my understanding that you have not yet completed negotiation with IEPA, as to FY89 PA/SI commitments. During these negotiations, please express our desire that IEPA perform this work as soon as possible. Jim has discussed this issue very briefly with Tom Geishecker and Bill Messenger. If you have any questions, please call Jim at 3-9229.

Attachment

EPA Region 5 Records Ctr.



357068

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SUPERFUND PROGRAM
MANAGEMENT BRANCH

11-29-88

This site is listed in IEPA's 11-23-88 draft CA submission.
A EPI PA/USI (Preliminary Assessment/Visual Site
Inspection) will be completed in FY89 by IEPA, as
requested.

LAI

B. MESSENGER

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION V**

DATE: November 4, 1988

SUBJECT: Southeast Chicago Recovery Industrial Park

FROM: Karl Bremer, Chief
RCRA Permits Branch

James Mayka, Chief
IL/IN Section, Superfund RERB

TO: Dave Ullrich (5HR-12)
Mary Gade (5HS-11)
Ken Westlake (5RA-14)
Roger Grimes (5CS-TUB-3)

Between 10:00 AM and noon today, we participated in a meeting to discuss the proposed development of the old Wisconsin Steel site in southeast Chicago. A list of meeting participants and a copy of the proposal are attached. The meeting was chaired by Roger Bickel, Assistant to Lieutenant Governor George Ryan. The Illinois EPA people participated by conference phone.

The commitment made by us, on behalf of Region V, was that we would quickly determine whether we could arrange to have preliminary assessment/site investigation (PA/SI) conducted for the site within the next several months--and communicate this determination to Mr. Bickel. The PA/SI would be the first of a series of steps leading to possible state enforcement action, to compel environmental cleanup of the site, by potentially responsible parties (PRPs). A chronology of the meeting follows.

EDA representatives advised that the site is currently owned by the Wisconsin Steel Trust, of which EDA is a 90 percent beneficiary and Navistar a 10 percent beneficiary. EDA was concerned about its own liability, and stated their position that taxpayers' money should not be used to remedy the site. EDA further advised that Navistar and Envirodyne are financially viable PRPs, that could potentially be coerced to finance site cleanup. EDA's consultant, Dames & Moore, estimates site cleanup at anywhere from \$6-\$56 million, depending on whether simple capping or advanced soil treatment techniques would be required.

The PA/SI issue was raised by us, since we felt the only viable path to forcing a PRP cleanup involved getting the site placed on either the NPL or the analogous SRAPL (State Remedial Action Priority List). However, since the "environmental-threat-threshold" for the NPL is considerably higher than for SRAPL, and since no southeast Chicago site has scored high enough to be placed on the NPL, we felt SRAPL designation and subsequent State enforcement was the only real possibility. The IEPA people agreed with our assessment, but advised that their current U.S. EPA grant dollars could not support doing the PA/SI unless some other scheduled site was dropped. (Separate afternoon discussions with Tom Geishecker indicated this should not be a problem -- further followup will occur next week).

Many hurdles lie ahead before the proposed project could actually go forward, but we believe our early cooperation in the scoring of the site would be viewed favorably by all interested parties. Benefits to the people of Chicago and Illinois include:

1. Construction of a sophisticated recycling and refuse-to-energy facility, replacing in large measure the current landfilling of City garbage.
2. Provision of steam and electricity, at low cost, to local industries.
3. Productive reclamation of otherwise useless land.
4. Creation of approximately 1000 new jobs.

Hurdles to be overcome include:

1. Time-consuming and expensive environmental investigations, legal pursuit of PRPs for site cleanup agreement, long timeframe for actual site cleanup.
2. Public perception that southeast Chicago is once again being treated as City dumping ground.
3. Long permit process for recycling facilities, particularly for the refuse-to-energy plant (incinerator).
4. Need for City commitment to recycling household wastes, and for providing infra-structure (roads, utilities, etc.).

Except for our agreement to pursue an early PA/SI for the site, no other request of Region V was made, and the participants appeared pleased with our cooperation.

Attachments (2)

11/4/88



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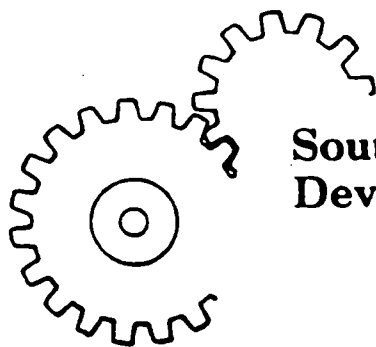
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**Proposal Preview
for the
Southeast Chicago
Resource Recovery Industrial Park**

Submitted by



**Southeast Chicago
Development Commission**

and

COMBUSTION > ENGINEERING

September 1988

**Proposal Preview
for the
Southeast Chicago
Resource Recovery Industrial Park**

Contents

1.0 INTRODUCTION

2.0 THE RESOURCE RECOVERY INDUSTRIAL PARK

Recycling Operation

Industrial Facilities

Waste-to-Energy Facility

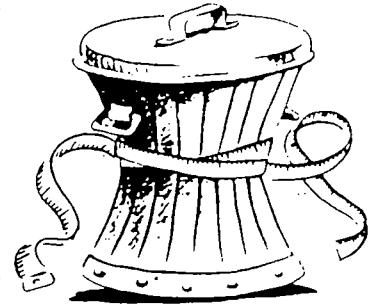
3.0 PROJECT PARTICIPANTS

4.0 COMMUNITY SUPPORT

5.0 PROJECT BENEFITS

1.0 INTRODUCTION

For over 100 years, the Southeast side of Chicago has been the site for landfilling the City's garbage. Today, landfill space is running out at a rapid pace and new landfills are increasingly difficult to site. As a result, the cost of solid waste management is taking an ever increasing bite out of the City of Chicago's annual budget. At the same time, employment in the Southeast side has been adversely affected



by the exodus of the City's steel industry. It is in the interest of all Chicagoans to reverse these trends. This proposal preview outlines a plan that will soon be submitted to the City of Chicago for an environmentally sound alternative which will ease the pressure on landfills and stabilize the cost of solid waste management, while creating economic development and employment opportunities for area residents.

The Southeast Chicago Development Commission (SCDCom) and Combustion Engineering, Inc. (C-E) are planning the development of the 150 acre site, formerly occupied by the Wisconsin Steel Mill, into a Resource Recovery Industrial Park (RRIP). The plan includes a comprehensive recycling processing center, a waste-to-energy facility with front-end materials recovery and satellite businesses and industrial facilities to market and remanufacture recyclables and/or utilize less expensive energy produced onsite.

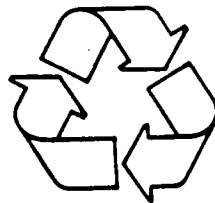
The only obligation required of the City of Chicago is a commitment of 560,000 tons/year of municipal solid waste (MSW) to the waste-to-energy plant. In return, full implementation of the proposal plan will:

- Create at least 900 new jobs with an estimated annual payroll of \$20 million in the economically depressed Southeast side of the City.
- Dispose of nearly one-fourth of the City's solid waste through a combination of recycling and the conversion of waste into energy.
- Stabilize the City's cost of solid waste management and save the City more than \$1.3 billion over the next 20 years.

2.0 THE RESOURCE RECOVERY INDUSTRIAL PARK

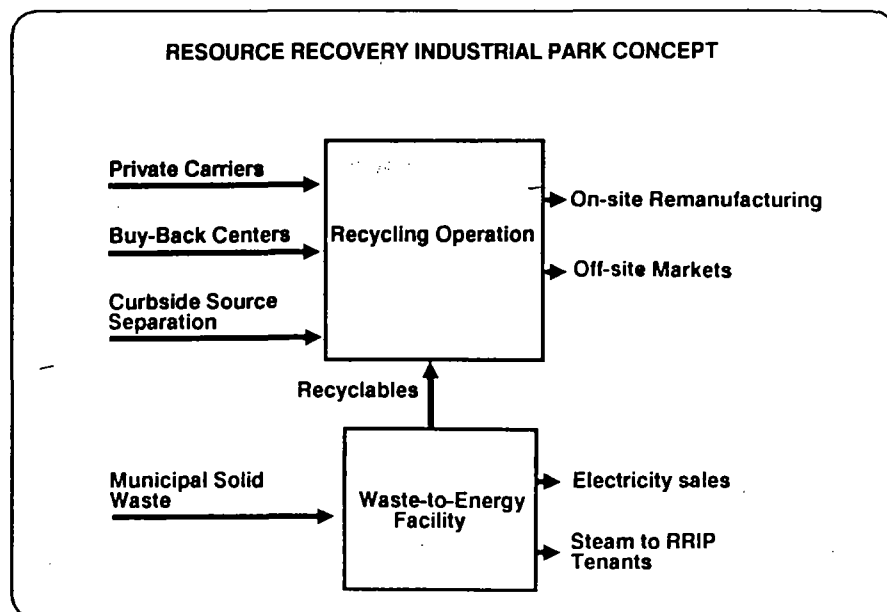
SCDCom and Combustion Engineering propose to develop an RRIP that will integrate several facilities for the collection, recovery and utilization of resources recovered from municipal solid waste. Low cost energy produced from an on site power plant firing refuse derived fuel will be used by facilities located in the RRIP. The RRIP would include a recycling center, an industrial component and a waste-to-energy facility with front-end materials recovery capabilities (see site plan drawing next page).

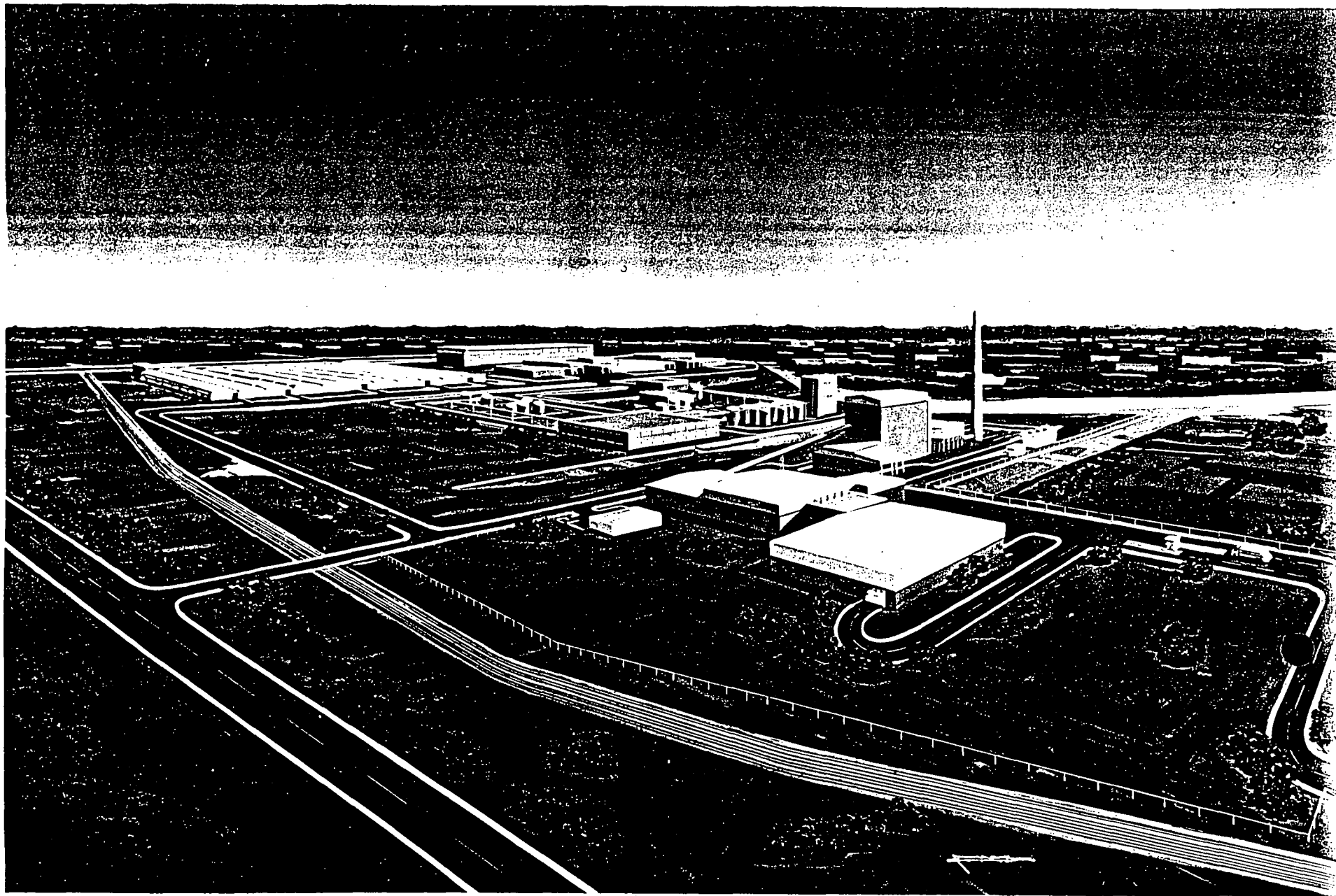
RECYCLING FACILITIES



Recycling is a critical component of both the integrated waste system and the industrial facilities expected in this development. The Chicago region has the best markets in the country for recyclable materials. In every category, the region has markets which demand materials currently beyond the ability of local recyclers to fill with local resources. It is the intent of this project to address that shortage as soon as a commitment for waste is obtained from the City and in advance of the completion of the other elements in the RRIP.

In response to the City's implementation of its recycling program, recyclable materials will be accepted at the plant from local private carriers which are currently retrieving recyclable materials as an avoidance measure. As the City's recycling program is implemented, this material source will be enhanced.

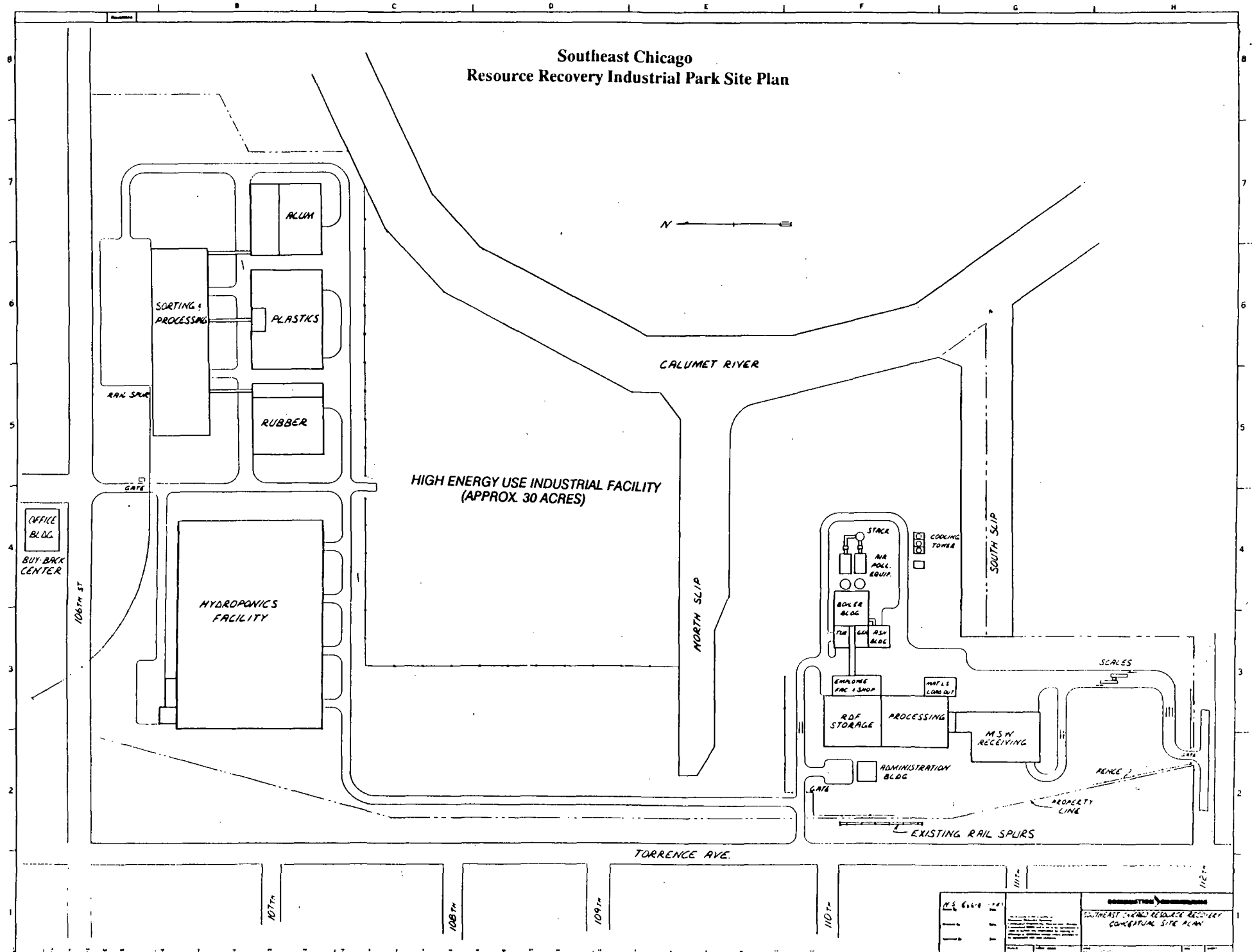




SOUTHEAST CHICAGO RESOURCE RECOVERY INDUSTRIAL PARK

COMBUSTION ENGINEERING

Southeast Chicago Resource Recovery Industrial Park Site Plan



<p>DATE: 6-1-80 BY: [Signature] CHECKED: [Signature]</p>		<p>COMMISSIONER SOUTHEAST CHICAGO RESOURCE RECOVERY COMBUSTION SITE PLAN</p>
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The facility will also benefit from a number of other recycling strategies such as drop-off and buy-back centers, residential source separation programs, and commercial sorting programs. The latter will, for example, be collecting containers from bars and restaurants and paper from banks, libraries, etc. In addition, recyclable materials will be pulled from the mixed solid waste stream when the waste-to-energy facility comes on line.

Processing facilities with a capacity of 500 tons per day will be established on site to sort, separate, weigh, shred, bale, grind, crush, and otherwise enhance materials for reuse before being transferred to an end-use industry market, either on or off site.

INDUSTRIAL FACILITIES

The RRIP will include Industrial facilities which will be designed to maximize the inherent advantages to siting a plant in an integrated industrial park such as the RRIP. Manufacturers which can utilize recycled materials as low-cost feedstock and those which can best utilize the cheap source of on-site steam and electricity have responded favorably to the opportunity to expand their businesses at the RRIP. Recycled materials such as paper, glass, aluminum, plastic, textiles, and rubber will be processed in the recycling operations and reused by companies on site. In addition, industries which consume large amounts of energy in their process are drawn to this concept.

Industries have also been responsive to the accessibility of highway, rail and water transportation. Other incentives offered by the Park, such as the upcoming Class 8 Tax Designation and the Enterprise Zone designation in the area are also being utilized to attract these businesses to the RRIP.

Among the companies interested are a paper manufacturer, several manufacturers utilizing milk jugs, two-liter bottles and other post consumer plastics, a rubber manufacturer using discarded tires, an aluminum smelter, hydroponics green house operator, an ethanol manufacturer and a carbon dioxide company. Based on the size of the Park and its potential for job development, it is estimated that when completely developed the combined Industrial Park employment will be a minimum of 900 jobs including supervisory, management and engineering positions as well as

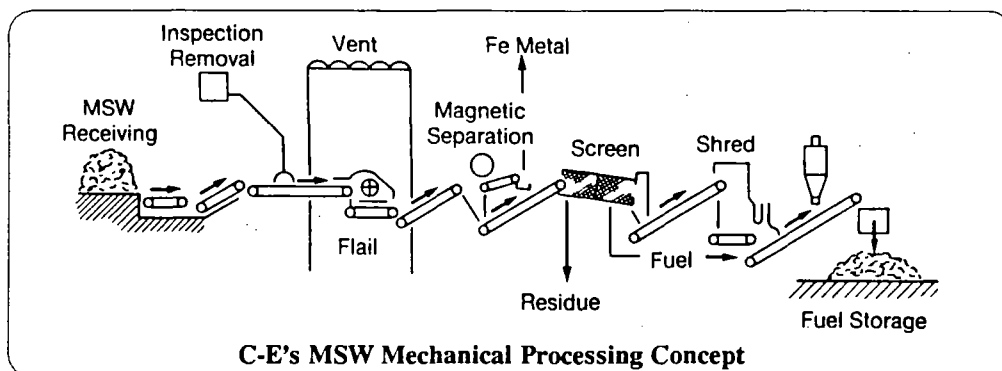
equipment operators, truck drivers, laborers, materials handlers, packers, janitors, secretarial and clerical jobs.

The range of skills is easily transferable from that local population previously employed in the steel mills. In addition, entry level positions will be filled by those in the area who have never entered the job market since the steel industry began to decline in the early 1980's.

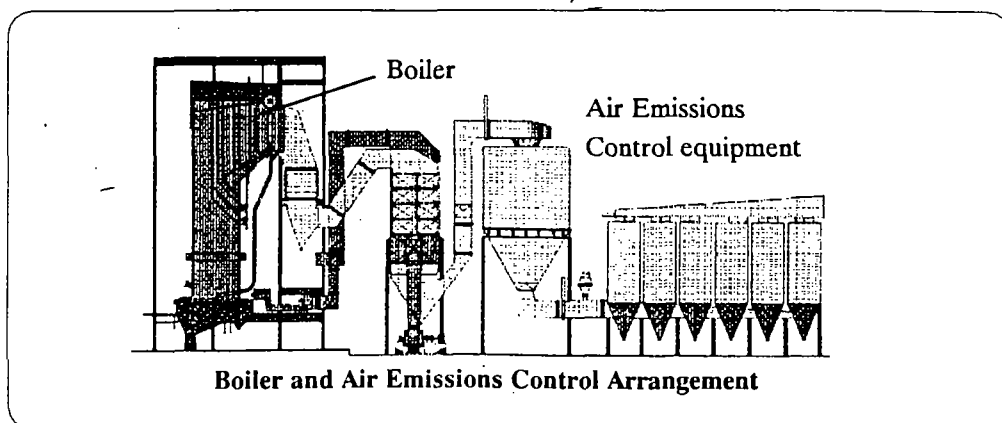
WASTE-TO-ENERGY FACILITY

The Combustion Engineering resource recovery facility will consist of two redundant process/combustion lines designed to process approximately 2000 tons per day and 560,000 tons per year of municipal solid waste.

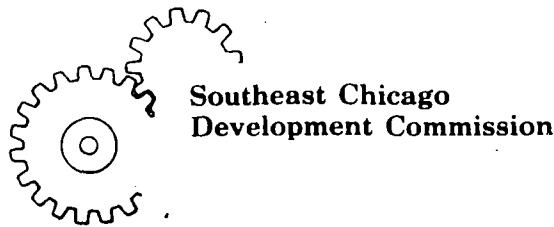
C-E RRS will design this facility with emphasis on minimizing cost and maximizing fuel production and quality while extracting recyclables which will be transferred to the recycling facility. This will augment the other sources of recyclables and enhance the objectives of the City's overall recycling plan. The processing facility will mechanically process MSW into refuse derived fuel (RDF)



.....which will then be sent to the boiler facility to produce electricity and steam in an environmentally acceptable manner.



3.0 PROJECT PARTICIPANTS



SCDCom was established in 1981 by business and community leaders in the Southeast area of Chicago to act as a catalyst for economic development in the community. Hard hit by the last recession and changes in the steel industry, local residents found themselves facing an uncertain future for the first time in their lives. The directors of SCDCom responded by developing a local capacity to address the long-term economic needs of the community.

Since its organization, SCDCom has been involved in a myriad of activities which contribute to the redevelopment of the area's local economy. Its earliest activities involved the management of a job training and placement program for former steel mill employees. Perhaps one of its most important activities was its work on the development of the Enterprise Zone concept in Illinois.

SCDCom has developed a wide range of staff expertise in many areas of economic development. Using a range of private and public sector financing programs, SCDCom has been able to secure over \$13,000,000 in financing for small businesses. SCDCom's major project at this time is this proposal for the redevelopment of the abandoned Wisconsin Steel Mill into a Resource Recovery Industrial Park.

COMBUSTION ENGINEERING

Combustion Engineering, Inc. incorporated in 1912, is a company whose roots are in the design, supply and operation of energy systems. From this beginning, C-E has evolved to a high technology company providing products and services to a variety of customers in the public sector, the process industries, and the power generation industry.

C-E is a Fortune 130 company with 25,000 employees, annual sales in excess of \$3.0 billion and assets of \$2.7 billion.

C-E Resource Recovery Systems, an operating division of Combustion Engineering, is developing full-service resource recovery facilities in response to the burgeoning municipal solid waste disposal problem. This business unit, formed 12 years ago, is staffed by over 200 professionals experienced in the design, financing, construction, operation and management of resource recovery project development. The Division's offerings to this market are supported by:

- C-E's 100 years of experience with solid fuel combustion. Today, more than 40% of the Free World's thermally generated electricity is produced by systems of C-E design.
- C-E RRS' ability to draw on of all of C-E's divisions to directly supply more than 60% of the equipment and services required in the recycling and waste-to-energy plants.
- C-E's current construction efforts on three major refuse derived fuel waste-to-energy facilities and recent signing of contracts for the supply and operation of two mass-burn facilities. These commitments amount to approximately 10,000 tons per day of solid waste processing capability.
- C-E's "A" credit rating and substantial financial resources are reflections of the financial strength necessary to successfully complete this project.

C-E's successful worldwide experience in energy systems and resource recovery makes C-E uniquely qualified to develop this project with SCDCOM and to help solve the solid waste management needs of Chicago.

4.0 COMMUNITY SUPPORT

As a member of the Southeast Side community, SCDCCom recognizes its importance not only in its leadership role, but also in keeping the local citizens and groups fully apprised of the RRIP project. Community involvement has been and will continue to be an essential part of the development of this project.

- SCDCCom has met and discussed the project with a number of neighborhood organizations, including United Neighborhood Organization of Southeast Chicago (UNO), People for Community Recovery (PCR), Coalition to Reclaim the Environment (CURE), Hegewisch Organized to Protect the Environment (HOPE), PEPCO, and many other groups located in the available work force area. Response has been unanimously favorable and people have been very positive and supportive.
- Members of SCDCCom's Board of Directors also serve on the boards of area neighborhood organizations.
- Members of SCDCCom's Board of Directors also serve on the Mayor's Task Force on Solid Waste and the Southeast side to make recommendations on waste disposal options in the area.
- The Parish Cooperative, a group of priests from the area, have given conditional support for the project pending the positive results of independent environmental and health impact studies.
- Save Our Jobs, the organization of ex-Wisconsin Steel Mill employees supports the project and has been helpful in discussing the project with the local Congressman.
- SCDCCom recently took neighborhood residents to the Madison, Wisconsin RDF facility and received very favorable responses from the attendees. More such trips are planned.
- All organizations known to SCDCCom in the area have been mailed a package of information about the project, resulting in tremendous expressions of interest from the recipients.
- Several future events are planned in an effort to continue the exchange of information on a more detailed basis.
 - An Industrial Park Fair will be held at which Combustion Engineering as well as other companies who have expressed interest in locating onsite will give local residents a chance to talk directly to industry about the facility and the jobs it will bring.
 - After the Fair a neighborhood strategy session will be held designed to draw from community leaders their concerns and interests in an effort to answer their concerns and draw them into a support function around their interests.
 - Educational workshops and job training programs will follow the identification of community interests with the expectation that permitting of the facility will be a much smoother process if community members "have a sense of ownership" in the Park, and the assurance that the facility will meet their needs.

5.0 PROJECT BENEFITS

Most projects of this magnitude usually discuss mitigation of the negative impacts on the Host Community. In contrast, development of this project results in a number of positive impacts for both the Southeast Side and the City of Chicago as a whole.

LOCAL COMMUNITY BENEFITS

- **Employment Development** - creation by 1994 of at least 900 new permanent jobs the first of which will begin in late 1989, plus the opportunity for several hundred other jobs during construction.
- **Waste Volume Reduction** - waste entering the facility will be reduced in volume by 90% thus drastically easing the burden on Chicago's landfills, most of which are currently located on the Southeast side.
- **Improved Environment** - A double benefit from the standpoint of land use and plant emissions.
 - Turning the idle and vacated Wisconsin Steel property back to productive use and accelerating its cleanup.
 - Providing a new facility which, using current "best available control technology," will far surpass the air quality standards of the previous tenant.
- **Revitalization** - The new RRIP facility will be an aesthetically pleasing addition to the Torrence Avenue neighborhood that will act as a catalyst for revitalization of other area businesses and residential sections.

CITY BENEFITS

- **Solid Waste Management**
 - A progressive solution for nearly one-fourth of the solid waste generated within the City of Chicago.
 - Reduced pressure on the rapidly filling scarce landfill space.

CITY BENEFITS (continued)

- **Economic Benefits** - The City budget will be positively impacted in several ways, some due to real cost reduction and others due to increased revenue generation.
 - Annual increases to the solid waste management budget will be reduced from 25 + % annual increase currently being experienced by the City to a more predictable increase closer in magnitude to the general inflation rate as represented by the Consumer Price Index (CPI). It is estimated this this will result in a reduction in the total cost of solid waste management for the City of Chicago of \$250 million by the year 2000 and more than \$1.3 billion over the next 20 years.
 - A conservatively estimated \$300 million in new facilities will be put back on the property tax rolls of the City of Chicago and Cook County.
 - Addition of \$20 million per year in taxable new salaries and wages.
 - Reduction in budget expenditures for unemployment and job training assistance due to reemployment.